

GOSSIP OF THE STREET

BEAR EFFECT OF LIVERMORE SELLING INDICATES HOW EASY MARKET MAY BE INFLUENCED

Local Brokers Seemed to Be Expecting Coup and Showed No Alarm Over Declines in Prices.

Gossip of the Street

ANY argument is good enough for a bear argument in Wall street, and yesterday Jesse Livermore, selling right and left on the advice of his physician, served to give the stock market a jolt which sent prices tumbling downward for a while, but recovery in several instances was rapid.

There was no war news to inspire any distrust. In fact, such news as came in had the contrary effect. The British were still holding their line and the Americans, whom the Germans had tried to keep from Generalissimo Foch as to when and where to strike, the whole situation seemed much more favorable to the Allies than it had for some days past.

Brokers in this city were not in the least alarmed at the sudden drop in prices. Some of them seemed to have expected the coup and to have warned customers to expect such events occasionally in a market as we have been having for some time past, with its apparent contradictory undertones so out of keeping with current world news.

Anyhow, there were very few brokers in this city who placed much faith in the Jesse Livermore story. Some is seeking for a better excuse for the break tried to fasten it on the German bill, with little success.

The prevailing impression at the close yesterday was that the market would open firm this morning, with a fair demand.

Reading General As Make Advances

It might be worth while for investors who favor low-yield railroad bonds to have their attention called to the advancing prices of Reading 4s, which some days ago were selling at \$1 and now are quoted at \$2 1/2. Also Lake Shore and Michigan Southern Railroad 4s, due 1928, which not so very long ago were selling at \$2 1/2 and now are selling at \$2 1/2, while those maturing in 1931 and which sold recently at \$2 1/2 now are bringing \$2 1/2. The above would indicate that the high-grade long-term railroad bond was coming into its own again.

There has been a good deal of quiet activity recently in railroad equipment, as was predicted in this column there would be. Quite recently a large block of \$750,000 Baltimore and Ohio equipments of the issue of 1917 were sold in this city on a very satisfactory yield and commission basis. This is probably the largest single transaction of the kind that has been put over for a long time, and was done so quietly that very few on the Street were aware that the deal had been consummated.

It is said that an issue of \$2,750,000 Illinois Central Railroad equipment was recently disposed of by Kahn, Loeb & Co., of New York, a very large block of them being taken by two prominent building houses in Philadelphia on a satisfactory basis. The whole issue has been disposed of, all of which goes to show that notwithstanding the Liberty Loan campaign there is plenty of money in the country seeking attractive investment, and at the present time equipments seem to be in favor.

Five Per Cent on Liberty Loan Bonds

Friedrich Carles, the well-known statistician for E. B. Smith & Co., figures out as follows how to get a per cent interest from a Liberty Loan 4½ per cent bond:

"If subscribers to Liberty Loan 4½ per cent bonds, instead of using the interest money that is paid them, will deposit it in a savings bank and let it accumulate until the bonus come due—September 15, 1928—they will receive more than 5 per cent on the investment. It works this way:

Cost now per \$100 bond..... \$100
Ten years' interest at 4½ per cent..... 425
Interest allowed by bank at 5 per cent, compounded half-yearly..... 75
Total, September, 1928..... \$1500

"Equal to 5 per cent on the investment. This rate will be increased a little, because the bonds run a little more than ten years."

Changes in Personnel of Cassatt & Co.

J. Day Knapp, formerly with Paul & Co., is now associated with the trading department of Cassatt & Co.

C. P. Cowell, of Cassatt & Co., has been elected a director of the Diamond Ice and Coal Company, of Wilmington, Del.

Healthy Demand for Railroad Bonds

The principal of one of the up-to-date investment houses said yesterday that there is a moderately healthy demand for seasoned railroad bonds and that with each sale the prices advance. This, he asserts, is the exact opposite of the conditions prevailing in the bond market during the first two Liberty Loan campaigns, and is due, he says, to the bond market being almost completely liquidated and the campaign of education carried on by the investment concern since the first Liberty Loan. During the first campaign, he remarked, persons in a patriotic outburst sold other bonds to buy Liberty Bonds, without any discrimination. Since then they have been shown the futility of such a proceeding, which depressed all bond values, including Liberty Bonds; and now they are holding on to their low-yield bonds and investing more of their incomes in the Liberty Bonds. For this reason few good long-term bonds are now on the market.

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It was common talk on the Street yesterday that the Philadelphia Company, of Pittsburgh, is negotiating with bankers for the sale of an issue of \$10,000,000 one-year notes, with a probable interest rate of 6 per cent. Nothing will be done, it is said, until the Liberty Loan campaign is over.

The Philadelphia Company on Monday declared the regular dividend of 1½ per cent, when it was generally expected it would be reduced to 1¼ per cent quarterly. It is said the negotiations for the \$10,000,000 notes have been under way for almost three months, and while some bankers and brokers believe it will be carried out through the Duquesne Light Company, of Pittsburgh, one of the Philadelphia Company's subsidiaries, others say that it is virtually settled that well-known banking firm in New York, with representation in this city, will handle the issue. The title "Philadelphia Company" is very misleading, as virtually all of the company's interests are located in what is known as the Pittsburgh district.

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Investment houses that make a specialty of short-term issues contemplate a number of small issues will be placed for approval before the capital issues committee as soon as the Liberty Loan campaign is finished, in addition to several well up in the millions.

Warburg Sees Possibility of Seventh Loan

Speaking on the Liberty Loan, Paul M. Warburg, vice-governor of the Federal Reserve Board, said:

"In view of present circumstances, it is unfortunately safe to expect that there will be a fourth and a fifth and maybe a sixth and seventh Liberty Loan, and it is our solemn duty to set our teeth in the determination that, no matter how long the war may last, no matter how often, maybe a sixth or seventh Liberty Loan, the money will not only be forthcoming, but it will be raised in the only manner that will preserve our strength for the long fight to come—through the savings of the people. If the people do not save, the alternative must be inflation, with all its disastrous consequences. People talk a great deal about inflation. There are those who are so haunted by the fear of inflation that they shrink from every new and courageous step in financing the war. They forget, however, that the very nature of our present problems makes it impossible entirely to avoid inflation unless all necessary funds are raised by taxation."

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The Tonga Islands, in the South Pacific Ocean, have constituted a British protectorate since 1900, although still possessing a native king. There are about 150 of the islands, of which about thirty are inhabited. The people are fair Polynesians and are Christians.

In the last year or two, since cellars have been made for steam-heating plants a number of Indian relics have been discovered.

BUSINESS CAREER OF PETER FLINT

*A Story of Salesmanship by
Harold Whitehead
(copyright)*

LXXXVII.

WHO was the man who said, "There is always a calm before a storm?" It was true enough today, at any rate. This morning things went along in a very quiet, humdrum kind of way. Business was very slack. Old man Minton was grumpy and stuck in his sentry box.

Half way down the store there stood the old man, leaning against a stout chair, six feet high. A sloping desk is built inside it and on that the books are kept. The upper half of each side is glass. When the old man's grumpy he sits inside and glowers at Mike and me while we are serving customers or marking goods on the back counter.

I had just sold a woman a \$25 early set and was looking out the window when a great crowd came lumbering into the store. The first thing he did was to call the old man, lean against a stout chair, six feet high. A sloping desk is built inside it and on that the books are kept. The upper half of each side is glass. When the old man's grumpy he sits inside and glowers at Mike and me while we are serving customers or marking goods on the back counter.

Kuehne said Kuehne from bankrupt by creating a trusteeship for him and finding purchasers for a part of his property.

"Say," I said to him, "this is to me."

"The old man skipped out of his sentry box and snapped, "Well."

"Are you the boss here?" Then another stream of tobacco juice decorated the floor. "I'm collecting for the carriers' outfit."

The old man shook his head, "Not you."

"The blank you aren't? I bet you would become interested pretty quick if you didn't get your goods right on time, wouldn't you? Our fellow has been bringing out goods to you for years and you have never had any hint about them. You wouldn't give anything last year."

"Steve," Minton took a chance and leaned upon his feet, "I am going to take a chance and leave it with the people who are not possessed of any imagination but right fat and in command of the store." And all the time the old man's grumpy face was inside.

"Kuehne said he had no thought of antagonizing Governor Edge's candidacy for United States Senator, but that issue may be raised in some of his followers."

"I'd like to see the man who could do it," said the guy as he glared at old man Minton.

I thought for a minute he was going to knock the old man's block off, but Minton, for all strength but a pug, was a pretty game bird and instead of leaping on me he walked to the front of the counter and said, "You're off. You're off! He's off before I have seen him turn out."

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